



Valuer Registration Assessment

Guidance for Candidates

January 2018



Background

Accurate valuations are vital to a healthy property market and a stable economy, forming the basis of performance analysis, financing decisions, transactional or development advice, dispute resolution and taxation. Robust practice standards form the basis of high quality valuations.

RICS Valuer Registration

RICS Valuer Registration is a monitoring programme for all RICS professionals undertaking valuations in accordance with RICS Valuation Standards – the ‘Red Book’.

All chartered surveyors are required to achieve one of our two principal valuation competencies – ‘Valuation’ or ‘Valuation of Businesses and Intangible Assets’ to competency Level 3 at final assessment – to become an MRICS Registered Valuer. If you did not, you are required to undertake a bespoke assessment designed for the purposes of Valuer Registration.

There are four key elements:

- Application form, which sets out how you met the competency requirements for Valuer Registration
- A period of valuation-based experience (maximum of 100 days), signed off by a Registered Valuer. Your valuation experience prior to applying can be used to meet this requirement.
- A single case study submission using work-based evidence
- CPD record

Associate members should refer to Appendix 2 for further information.

What you must do

Start by identifying what level you have already achieved. If you did no valuation at all in your original assessment for membership you must demonstrate Levels 1, 2 and 3. If you achieved Level 1 in your original assessment, you need only additionally demonstrate Levels 2 and 3. If you already have Level 2, you need only demonstrate Level 3.

You can undertake the assessment regardless of whether the Valuation or Valuation of Businesses and Intangible Assets competency was included to any level in the pathway in which you first qualified.

Valuation as a competency

The Valuation competency is about properly researched valuation advice, in accordance with the valuation standards, enabling clients to make informed decisions about real estate.

The competency definitions (at Levels 1, 2 and 3) are provided below, followed by a description of the key knowledge and activities that are likely to fall within the scope of each. The information is designed to be helpful but informal guidance. The knowledge and activities described under each competency are not exhaustive. Candidates must satisfy themselves and their supervisor that they have reached the required level of attainment.

Level 1

Definition

Demonstrate knowledge and understanding of the purposes for which valuations are undertaken; the relevant valuation methods and techniques; the appropriate standards and guidance; and any relevant statutory or mandatory requirements for valuation work.

Examples of activities and knowledge

- A general appreciation of the main drivers that have an impact on value
- The principles and application of the RICS Valuation - Professional Standards or other relevant valuation standards
- The principles of Professional Indemnity Insurance
- The underlying principles of property law, planning and other relevant regulations or controls and their impact on property values
- The different purposes for which valuations may be required
- The principles of the various methodologies needed to provide both capital and rental valuation advice.

Level 2

Definition

Demonstrate practical competence in undertaking both capital and rental valuation and detailed involvement with the preparation and presentation of client reports. Demonstrate your ability to use valuation methods and techniques appropriate to your area of practice. Show how the relevant valuation standards and guidance have been applied to your valuation.

Examples of activities and knowledge

- Understanding client requirements and preparing Terms of Engagement
- Inspection and information gathering relevant to the valuation work being undertaken
- Analysis and interpretation of comparable evidence
- Application of a range of valuation methods and techniques
- Preparing valuation reports and advice to meet client needs and comply with the RICS Valuation – Professional Standards and other relevant standards
- Conducting a valuation task from beginning to end with appropriate supervision.

To achieve Level 2 you will not necessarily be carrying out valuations as part of your full time day to day activities.

Level 3

Definition

Demonstrate practical competence in undertaking valuations, either of a range of properties or for a range of purposes. Demonstrate the application of a wide range of valuation methods and techniques. Be responsible for the preparation of formal valuation reports under proper supervision and provide reasoned advice.

Demonstrate a thorough knowledge of the appropriate valuation standards and guidance and how they are applied in practice.

Examples of activities and knowledge

- Experience should cover a range of purposes (in a properly supervised manner), such as loan, security, financial statements, internal management, purchase or sale reports, tax, stock exchange and litigation, but not necessarily all of these
- The types of real estate should ideally be varied both in terms of physical attributes, usage, and also interest (i.e. freehold and leasehold)
- Knowledge of standards in other areas of business, e.g. accounting standards
- Knowledge of the main drivers which impact on value should include an understanding of the wider influences such as government policy, the economic climate, technological change and other investment medium
- Understanding of the different levels of service that may be required, e.g. desk top advice versus a full valuation
- **A thorough knowledge of RICS Valuation – Professional Standards (Red Book) is essential.**

RICS Valuation – Professional Standards (Red Book)

RICS publishes 'RICS Valuation – Professional Standards', also known as the Red Book. It lists rules, best practice guidelines and related commentary for all RICS members undertaking valuations for a wide number of purposes. It is designed to assist members to produce valuations to the highest standards. The RICS Valuer Register measures and ensures compliance with the Red Book.

Valuation of Businesses and Intangible Assets as a competency

The Valuation of Businesses and Intangible Assets competency is about properly researched valuation advice, in accordance with the valuation standards, enabling clients to make informed decisions about businesses and intangible assets.

The competency definitions (at Levels 1, 2 and 3) are provided below, followed by a description of the key knowledge and activities that are likely to fall within the scope of each. The information is designed to be helpful but informal guidance. The knowledge and activities described under each competency are not exhaustive. Candidates must satisfy themselves and their supervisor that they have reached the required level of attainment.

Level 1

Definition

Demonstrate knowledge and understanding of the purposes for which valuations of businesses and/or intangible assets are undertaken; the relevant valuation methods and techniques; the appropriate standards and guidance; and any relevant statutory or mandatory requirements for this type of valuation work.

Examples of activities and knowledge

- A general appreciation of the main drivers that affect value
- The principles and application of the RICS Valuation – Professional Standards or other relevant valuation standards
- The principles of Professional Indemnity Insurance
- The underlying principles of business and finance, law and other relevant regulations or controls that affect value
- The different reasons for which business and intangible asset valuations may be required
- The principles of the various methodologies of business valuation
- An understanding of the importance of independence and objectivity
- Understand the different levels of service required, for example desk top advice versus a full valuation.

Level 2

Definition

Apply your knowledge and understanding of business valuations showing detailed involvement with the preparation and presentation of client reports. Demonstrate your ability to use the valuation methods and techniques appropriate to your area of practice. Show how any relevant standards and guidance have been applied to your experience.

Examples of activities and knowledge

- Understanding client requirements and the preparation of Terms of Engagement
- Information gathering relevant to the valuation work being undertaken
- Analysis and interpretation of comparable evidence
- Application of a range of valuation methods and techniques
- Demonstrate competence in carrying out valuation advice from inception to completion of a range of assets from: trading businesses, other businesses,

unquoted shares, intellectual property, intangible assets, options, financial instruments or liabilities.

To achieve Level 2 you will not necessarily be carrying out valuations as part of your full time day-to-day activities.

Level 3

Definition

Demonstrate practical competence in undertaking business valuations and their component parts for a range of purposes. Demonstrate the application of the relevant valuation methods and techniques and a thorough knowledge of the appropriate valuation standards and guidance and how they are applied in practice.

Note – The businesses considered may relate to a particular sector but the candidate's experience should cover providing clients with valuation advice on a range of types of businesses and their component parts for a range of purposes, such as for financial statements, internal management, purchase or sale reports, tax and litigation, but not necessarily all of these. The types of businesses and their component parts should ideally be varied both in terms of usage, interest and size.

Examples of activities and knowledge

- Preparing valuation reports and advice to meet client needs and complying with RICS Valuation – Professional Standards where relevant
- Knowledge of relevant legislation and standards in other areas of business, such as accounting standards and how these set the valuation framework for share transactions, company/business or asset sales, fiscal valuations including transfer pricing, litigation etc.
- Knowledge of the main drivers which affect value including an understanding of the wider influences such as government policy, the economic climate, technological change and other investment medium
- Demonstrate knowledge as to how valuation advice inter-relates with the client's other professional advisors work (if appropriate).
- **A thorough knowledge of RICS Valuation – Professional Standards (Red Book) is essential.**

RICS Valuation – Professional Standards (Red Book)

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Work-based experience with a supervisor

Your supervisor must be an RICS Registered Valuer. He/she is required to provide a written declaration that you have undertaken the minimum number of days of supervised valuation work for each level of competence to be demonstrated, as follows:

Competency Level	Days
Level 2 to 3	50
Level 1 to 2	30
Up to Level 1	20

The 50 days required to achieve Level 2 to Level 3 must be completed within the 12 months prior to applying for assessment. If you need to demonstrate additional levels other than just Level 2 to Level 3, all of the experience must have been gained within the 24 months prior to applying for assessment.

Your experience can be backdated, subject to the sign off from your supervisor.

Your supervisor must also provide written confirmation that you have contributed to the preparation of real-life valuation reports to clients, researched in accordance with the relevant valuation standards, showing the required development of Level 3. Simulated valuation reports are not acceptable for this purpose. RICS reserves the right to require you to provide the reports for audit purposes.

Please note, the supervisor's declaration is provided in a professional capacity, and is covered by the RICS Rules of Conduct.

Case study

You are asked to provide an extended case study of 1000-1500 words.

Your case study must demonstrate how you have achieved competence to Level 3, using **three** actual worked examples of valuations for which you have been solely or mainly responsible. The valuations must all have been undertaken within the 12 months before the assessment. The case study should describe briefly

- the client's instructions
- the nature of the asset
- the purpose of the valuation
- the legal and professional context – the law and standards you applied
- the process you followed, including any supervision you had or advice you took from others
- the comparables you selected and how you researched them
- any unusual factors you took into account, and any special considerations applicable
- any difficulties that arose and how you overcame them
- the decision you reached and the reasons for it
- the advice you gave the client
- what you learned from undertaking this valuation.

If any of these is common to several examples, you need not repeat the same information (for example, you might say “examples 2 and 3 were valuations for rental purposes of warehouse properties”).

Do not send attachments, such as plans, schedules or calculations.

Confidentiality

Your work is confidential and will not be disclosed by RICS to any third party without your authority or used for any purpose other than assessing your competence. You may however need to ensure, for commercial reasons, that you do not include names of clients, the location of a development, etc. If that is the case, and you choose for example to replace the name of your client with a pseudonym, you should include a statement with your evidence such as “the names in this document have been changed to preserve confidentiality”.

CPD

RICS regards CPD as essential for all responsible professionals. As part of the Valuer Registration process you are required to provide evidence of having undertaken a certain number of CPD hours for each competency level you need to demonstrate, including CPD specifically related to Red Book valuation. This must be achieved before you can progress to the next stage.

The requirement for each competency level is as follows:

Competency Level	Hours
Level 2 to 3	10
Level 1 to 2	10
Up to Level 1	20

Thus, if you have previously achieved Level 2, you must provide evidence of 10 hours; if you have previously achieved only Level 1, 20 hours; and if you have not previously achieved *any* level, 40 hours.

Your CPD should be gained in a systematic, structured manner and be based on a process of selecting, planning and evaluating the activities. Learning activities can include:

Private learning: reading, online learning or similar which you have undertaken independently.

Organised learning: a learning event provided by a training company, college or similar.

Work-based learning: training provided in your workplace. This may include in-house training courses or events put on by your employer; instruction or mentored practice in new tasks; reading, study or online learning required by your employer in order to equip you for your role.

The CPD required for the purposes of the assessment can count towards your CPD requirement as a member of RICS. We recommend you use the [RICS Professional Development Planner](#) to submit your CPD evidence for the assessment.

The assessment

You will not be required to attend an interview. Your submission will be read and assessed by a trained assessor who is an RICS member and a Registered Valuer. Please review all your written evidence together before you submit it, and make sure there are no gaps or contradictions.

The assessor will consider the totality of the evidence you have provided:

- Application form
- Supervisor declaration
- Case study
- CPD record

The assessor must decide whether, on paper, you have demonstrated the required level of competence. He/she will consider all of the evidence submitted against the competency requirements and decide whether the written evidence confirms that you have developed a sufficient level of competence to advise clients in accordance with the Red Book.

After the assessment, you will be notified either that you have achieved or not achieved your selected competency to Level 3.

Achieved

You will be informed of your success by RICS within 20 working days. You will then need to contact RICS Regulation to begin the Valuer Registration process should you wish to do so.

Not achieved

You will be notified within 20 working days that you have not demonstrated the required competency standard and will be provided with a feedback report explaining the reasons why.

Re-applying if you are unsuccessful

You must wait a minimum of three months before you re-apply.

The requirements for re-applying will depend on which areas of your submission have been assessed as satisfactory. Any satisfactory areas will be accepted for up to one year and may be re-submitted. By contrast, those areas that were deemed as unsatisfactory must be replaced with new ones. Your CPD record must also be updated before re-submission.

The feedback report will advise you on what you can and cannot re-submit. The assessor may decide more relevant work experience is required, in which case he/she can specify a period longer than the minimum three months stated (but no more than six months).

Appeals

You have the right to appeal against the assessor's decision. This must be done within 21 working days from the date of receiving your results from RICS. The appeal can be upheld only where there was fault in the way the assessment was carried out (for example, if the decision was based on the wrong evidence, or the assessor had misinterpreted what you said). The appeal cannot be upheld simply because you disagree with the assessor's decision. RICS staff can provide guidance on the appeals procedure.

Appendix 1 – Submission checklist

Your submission must include:

- Application form
- Supervisor declaration
- 1 case study
- CPD record

Checks for the case study:

- Word count is between 1000-1500
- Case study uses three actual worked examples to demonstrate your chosen competency to Level 3.
- Valuations were undertaken in last 12 months
- Your level of responsibility is demonstrated
- Client confidentiality is upheld

Checks for the CPD record:

- 20 hours is recorded up to Level 1 (where necessary)
- 10 hours is recorded for Level 1-2 (where necessary)
- 10 hours is recorded for Level 2-3

Checks for all submissions:

- Accurate spelling, punctuation and grammar
- Writing style is professional

Further reading

To help you complete your CPD you are recommended you read the following key text:

- ***RICS Valuation – Professional Standards (Red Book)***

Contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking valuations. It is recommended that you familiarise yourself with all of the Valuation Standards from the Red Book and what they mean.

- ***RICS Guidance and Information Papers***

Available online at www.rics.org/valuation

Appendix 2 – supplemental note for Associate members of RICS

RICS Valuer Registration is also available to Associate members of RICS. The Registered Valuer title must be used in conjunction with the AssocRICS designation.

The RICS Associate qualification is not based on competency levels – the competency is either achieved or not achieved. The competency definitions for Associate membership equate to APC Level 2.

Competency definition for Valuation (taken from the Associate Valuation pathway guide)

“Demonstrate knowledge and understanding of the purposes for which valuations are undertaken; the relevant valuation methods and techniques; the appropriate standards and guidance; and any relevant statutory or mandatory requirements for valuation work. Demonstrate practical competence in undertaking both capital and rental valuations and detailed involvement with the preparation and presentation of client reports. Demonstrate your ability to use valuation methods and techniques appropriate to your area of practice. Show how the relevant valuation standards and guidance have been applied to your valuation experience.”

The Associate version of this assessment is therefore available only for achieving the Valuation competency* to Level 2, starting from Level 0. It is available to any Associate member whose pathway did not include Valuation as a competency.

For consistency of requirements, the Associate assessment is simply a ‘pro-rata’ version of the Level 3 assessment. The requirements are consistent with those for MRICS. To achieve this, the assessment components are as outlined in the guide, modified to Level 2.

- Supervised work experience with a Registered Valuer – 50 days total, 20 days up to Level 1 plus 30 days up to Level 2.
- An extended case study of 1000 – 1500 words. The case study must demonstrate how competence as defined in the Associate candidate guide for Valuation was achieved, using three actual worked examples of valuations. The valuations must all have been undertaken within the 12 months before the assessment
- CPD record - 30 hours total of relevant CPD, 20 hours up to Level 1 plus 10 hours up to Level 2

****Please note: there is no Valuation of Businesses and Intangible Assets competency for the Associate grade of membership, therefore, the assessment is not available for this purpose.***